mdsfinancial GROUP LIMITED

30 October 2012

# ASX Announcement & Media Release


**MDS Financial Group Limited**
ACN 091 744 884

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ASX Code: MWS


**Directors**

**Sean Rothsey**
Chairman and Non Executive Director
**Wayne Johnson**
Deputy Chairman and Executive Director
**Richard Symon**
Executive Director
**Jamie Khoo**
Independent Non-Executive Director

**Secretariat**

**Andrew Phillips**
Company Secretary

317.1 million listed shares
12.5 million unlisted options

## Appendix 4C: September 2012 Quarter Overview

MDS Financial Group (the "Group") has today released its Appendix 4C consolidated statement of cash flows for the quarter ended 30 September 2012.

The Group's cash position for the quarter resulted in a net operating cash inflow of $11,000, an improvement on the cash outflow of the previous quarter, to finish the quarter with available cash reserves of $222,000.

Cash receipts from customers for the quarter were $1,501,000, a decline from the previous quarter. The decline was partly due to the overall reduction in trading volumes through the ASX and partly as a result of the Board's restructure of company operations to remove low-margin business offerings.

Operating cash outflows decreased from the previous quarter to $1,490,000, as a result of the rationalisation of the operating overheads of the Group.

Financing cash flow for the quarter was an outflow of a principle payment of $78,000, being a periodic repayment of the working capital financing facility as announced to the market on 16 March 2012. Including the financing cash flows the net decrease in cash held by the Group was $67,000.

MDS directors believe that the ongoing operational reviews and initiatives taken in the past 12 months will allow the Group to leverage its sound operational base and look to expand its coverage and capabilities in the local and overseas markets.

The Group's financial position has been strengthened by the announcement of a placement of shares announced on 3 October 2012. The first tranche of this placement has been received as per the agreement dated 2 October 2012. The receipt of funds under the agreement commenced after the quarterly reporting period ended and on completion will total $1,000,000.

Sean Rothsey
Chairman

**END**

# ASX Announcement & Media Release

**ABOUT MDS FINANCIAL GROUP**

MDS Financial Group is a full-service corporate advisory and capital markets specialist with clients in Australia and the Asia-Pacific region. The Company is listed on the Australian Securities Exchange Ltd (ASX), and has three licensed subsidiaries. One of its licensed subsidiaries is an ASX market participant, with institutional and third-party wholesale brokerage facilities underpinned by substantial retail online trading and market data services.

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*Rule 4.7B*

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/00. Amended 30/9/01, 24/10/05,17/12/10.

Name of entity

MDS Financial Group Limited

ABN

90 091 744 884

Quarter ended ("current quarter")

30 September 2012

## Consolidated statement of cash flows

| **Cash flows related to operating activities** | | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|---|
| 1.1 | Receipts from customers | | 1,501 | 1,501 |
| 1.2 | Payments for | (a) staff costs | (565) | (565) |
| | | (b) advertising and marketing | (4) | (4) |
| | | (c) research and development | - | - |
| | | (d) leased assets | - | - |
| | | (e) other working capital | (558) | (558) |
| 1.3 | Dividends received | | - | - |
| 1.4 | Interest and other items of a similar nature received | | 2 | 2 |
| 1.5 | Interest and other costs of finance paid | | (15) | (15) |
| 1.6 | Income taxes paid | | - | - |
| 1.7 | Other (provide details if material) | | (350) | (350) |
| | **Net operating cash flows** | | 11 | 11 |

+ See chapter 19 for defined terms.

| | | Current quarter<br><br>$A'000 | Year to date<br>(3 months)<br>$A'000 |
|---|---|---|---|
| 1.8 | Net operating cash flows (carried forward) | **11** | **11** |
| | **Cash flows related to investing activities** | | |
| 1.9 | Payment for acquisition of: | | |
| | (a) businesses (item 5) | - | - |
| | (b) equity investments | - | - |
| | (c) intellectual property | - | - |
| | (d) physical non-current assets | - | - |
| | (e) other non-current assets | - | - |
| 1.10 | Proceeds from disposal of: | | |
| | (a) businesses (item 5) | - | - |
| | (b) equity investments | - | - |
| | (c) intellectual property | - | - |
| | (d) physical non-current assets | - | - |
| | (e) other non-current assets | - | - |
| 1.11 | Loans to other entities | - | - |
| 1.12 | Loans repaid by other entities | - | - |
| 1.13 | Other (provide details if material) | | |
| | **Net investing cash flows** | - | - |
| **1.14** | **Total operating and investing cash flows** | 11 | 11 |
| | **Cash flows related to financing activities** | | |
| 1.15 | Proceeds from issues of shares, options, etc. | - | - |
| 1.16 | Proceeds from sale of forfeited shares | - | - |
| 1.17 | Proceeds from borrowings | - | - |
| 1.18 | Repayment of borrowings | (78) | (78) |
| 1.19 | Dividends paid | - | - |
| 1.20 | Other - Payment for share buy-back | - | - |
| | **Net financing cash flows** | (78) | (78) |
| | **Net increase (decrease) in cash held** | (67) | (67) |
| 1.21 | Cash at beginning of quarter/year to date | 289 | 289 |
| 1.22 | Exchange rate adjustments to item 1.20 | - | - |
| 1.23 | **Cash at end of quarter** | **222** | **222** |

+ See chapter 19 for defined terms.

## Payments to directors of the entity and associates of the directors
## Payments to related entities of the entity and associates of the related entities

| | | Current quarter $A'000 |
|---|---|---|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | 19 |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11 | - |

1.26 Explanation necessary for an understanding of the transactions

## Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

## Financing facilities available

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

| | | Amount available $A'000 | Amount used $A'000 |
|---|---|---|---|
| 3.1 | Loan facilities | 1,349 | 571 |
| 3.2 | Credit standby arrangements | - | - |

3.3 Explanation necessary for an understanding of the transactions

Information regarding financing facilities is set out in the Company's ASX Announcement "MDS Financial Group Completes US$2 Million Funding Facility" dated 16 March 2012.

In addition a placement of AU$1 Million was announced on 3 October 2012, with full receipt of this expected by 30 November 2012.

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## Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|
| 4.1 Cash on hand and at bank | 222 | 289 |
| 4.2 Deposits at call | - | - |
| 4.3 Bank overdraft | - | - |
| 4.4 Other (provide details) | - | - |
| **Total: cash at end of quarter** (item 1.23) | 222 | 289 |

## Acquisitions and disposals of business entities

| | Acquisitions *(Item 1.9(a))* | Disposals *(Item 1.10(a))* |
|---|---|---|
| 5.1 Name of entity | N/A | N/A |
| 5.2 Place of incorporation or registration | N/A | N/A |
| 5.3 Consideration for acquisition or disposal | N/A | N/A |
| 5.4 Total net assets | N/A | N/A |
| 5.5 Nature of business | N/A | N/A |

## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ............................................................ Date: ....30 October 2012........................
(~~Director~~/Company Secretary)

Print name: ……....Andrew Phillips................

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.

3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.